



glendale corporation annual report 1974

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W. P. Callaghan

To our Shareholders

We are once again afforded this opportunity of telling you, our shareholders, on behalf of the Board of Directors and management team, the results of the past year's operation of your company. In the pages of our annual report which follow, we have attempted to enlighten you concerning the nature and scope of our operations to a greater degree than we have in the past. Each of the primary spheres of our activity — shelter for homes, for industry and for leisure — is changing, and we feel broader information will assist you in more fully understanding the part that your company plays in each of these vital areas.

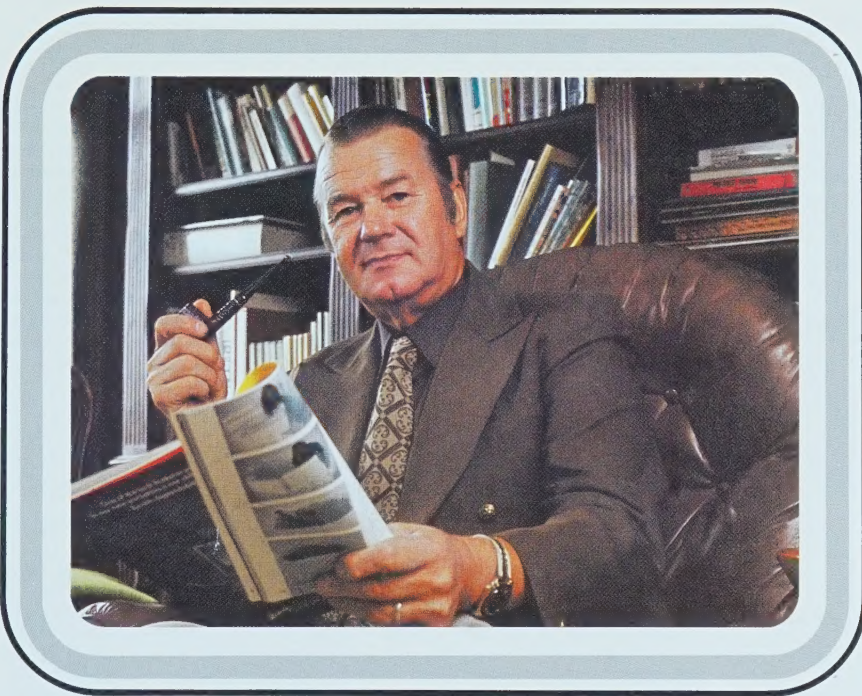
As you peruse this report you will readily see that we cannot present our financial results in the glowing terms we would prefer. Sales were up by 60% over the previous year, reaching \$62,522,465. We would like to be as pleased with our net operating earnings which amounted to 82c per share, \$1,026,497. Last year, operating earnings before extraordinary items, were \$1,205,047, or \$1.09 per share.

To be as succinct as possible, three factors reduced our earnings. First, fourth quarter Recreational Vehicle sales were sharply decreased as people reacted to the energy crisis. While we reacted quickly and decisively to curtail recreational vehicle expansion projects, the start up and close out cost of these activities was the second factor responsible for reduced earnings. Finally, an unprecedented period of raw material price escalation — most pronounced in the last half — caused an erosion of manufacturing margins.

You may be assured that clear objectives delineating management's response are being implemented; and you may be sure that the total dedication of our people to the task is equally clear.

We have enjoyed two successive years of growth at an annual rate of approximately 60%. However this growth was not achieved without substantial pressures on our organization and margins, particularly in the challenging year just past. We, therefore, feel that this year it is both prudent and necessary that we examine and evaluate every operation and activity to set the stage for more effective and enduring future growth.

Approximately 40% of our increase in total sales reflects the sales of Prebuilt Industries Ltd., our subsidiary in Lethbridge, Alberta, reported for the first time. Prebuilt experienced an above-average year in its recreational vehicle operations, but relies heavily on the leasing of industrial camps to generate an overall profit. Due to continued political and economic uncertainties, major resource development projects — the prime source of industrial camp business — did not materialize sufficiently to provide a profitable market.



R. L. Thorn

Elsewhere in this report we outline the numerous reasons why, despite the challenging times, we remain optimistic about our future prospects and those of the industries in which your company is active. We hope that we can convey, herein, the great amount of effort we are expending to cope with this transitory, but difficult, stage in your company's development. You may rest assured that our efforts will be those which offer the greatest assurance of lasting, rather than temporary, results.

It is clear that the best efforts of all Glendale employees and those associated with us, have been and will continue to be essential to our growth and development. The wisdom and guidance of our Board of Directors continue to play a vital role in the development of our total management framework. We sincerely appreciate both the past and anticipated future contributions of all of these people.

W. P. Callaghan
President

R. L. Thorn
Chairman of the Board

In Review...

Homes Division

All Homes Division plants experienced favorable markets during the year, indicated by a 16% increase in sales. The increase, in part, reflected buoyant mobile homes sales in the economy generally, but it is quite clear that Glendale increased our share of market during the year.

The evolution of a new era of acceptance for our home products as a desirable housing form is clearly gathering impetus. Improved financing arrangements with CMHC and conventional lenders are gradually evolving. New forms of mobile home residential parks are gaining growing acceptance, providing some hope for the single family home owner in an age of runaway inflation in conventional housing costs.

It is also clear that the "double-wide" form of our industry's products is achieving rapid acceptance. Modular and other flexible forms of housing systems, evolved from our basic "single-wide" concept, hold out exciting prospects. Accordingly, we have been actively engaged in developing these new systems. At a national product show last fall we displayed one version of a sectional or modular housing system. Originally intended only as a prototype, the product attracted so much interest that several production runs are being scheduled.

Further steps have been taken in the past year to insure that homes by Glendale have the same quality and appearance wherever they may be sold across Canada. This program will be in its final stages this year, although continuing product standardization will be a corporate engineering priority.

Escalating costs and material and labour shortages tend to mar the generally favourable industry conditions. In Quebec and the Atlantic provinces, competition has sharply increased. The Atlantic region, in particular, has seen a rapid proliferation of new plants. Labour shortages have been serious in our Alberta and Ontario home operations. The competition for available manpower continues to push up hourly rates, emphasizing the inflationary pressures on labour costs which are already present. A diversion of more capital investment into plant automation is clearly going to become a priority.

Recreational Vehicle Division

After nine months of recreational vehicle activity shaping up as a banner year, a villain suddenly appeared on the scene in the form of the so called "energy crisis". Despite the fact that the shortages were not critical in Canada,

In Review...

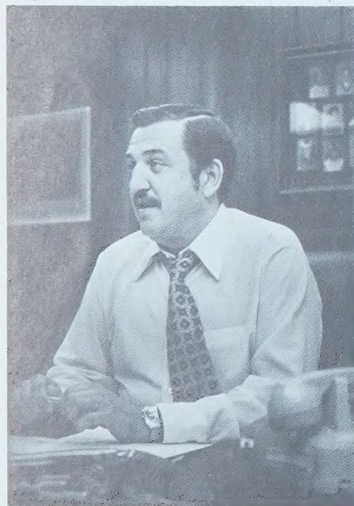
heavy U.S. press coverage had a considerable psychological fallout in Eastern Canada and last quarter recreational vehicle sales declined sharply throughout the industry.

A number of plant closures and slow-downs were evident throughout Canada as almost every recreational vehicle distribution channel adopted a wait-and-see stance. Buoyed by a strong economy and by prospects of increased revenue as a by-product of the energy crisis, the Western market could be viewed with reasonable optimism. Despite apparently encouraging indications of Eastern consumer interest, product movement was clearly slower than it had been in some time. The energy crisis proved a monumental surprise to expert and amateur prognosticator alike. In light of "pre-crisis" conditions our expansion programs for recreational vehicle production facilities had been actively pursued.

A major addition to our St. Joseph de Beauce facility in Quebec had been completed early in 1973 and the full-scale manufacture of a complete range of recreational vehicle products for the Quebec and Atlantic regions had commenced.

To respond to the growing demand for motor homes, a plant facility had been acquired at Clinton, Ontario and pre-production preparations were completed in early Fall. The "crisis" struck just as the plant started to come on-stream.

After a careful assessment of the situation, immediate action was deemed necessary to curtail recreational vehicle expansion programs.



James A. Sapara

Accordingly, recreational vehicle production from Clinton was relocated in the Strathroy complex. In light of growing home and industrial production at our Quebec plant and the need to keep our Strathroy recreational vehicle plant at reasonable capacity levels, recreational vehicle production from Quebec was also relocated in Strathroy. In Western Canada, our Prebuilt Division enjoyed an active year in recreational vehicle sales. They made a start at introducing Glendale's two leading Eastern Canada product lines in selected Western Canadian markets. A cross section of the Prebuilt Scamper line was also built in the Strathroy plant and used to improve market penetration in certain key areas. Both programs of new product introduction will be continued with caution and in line with basic objectives of market penetration and competitive position improvement in both East and West.

A comprehensive range of activities is underway to develop new product types and marketing strategies that will reflect the dramatically changing environment for recreational vehicles. The results of these efforts will be unveiled in due course, but they are mentioned now to assure you of our awareness of the dynamic forces at work in the market and our aggressive program to retain a leading position in this particular industry.

Management changes at our Australian recreational vehicle subsidiary in early 1973 had very favourable results. Canadian design features were introduced in our Australian lines and proved extremely popular. In order to capitalize on this success, an expansion project was undertaken in January, 1974 to roughly double the plant's output. The Australian recreational vehicle market has continued buoyant and Glendale's reputation for styling and quality is being successfully developed in another part of the world.

Industrial Division

Our investment in Prebuilt Industries Ltd. has given us a significant stake in the manufacture of relocatable industrial and commercial structures. Prebuilt's interest in this multi-faceted market has been primarily in the leasing of industrial camp complexes, mostly for projects involving the construction of natural resource processing facilities in remote areas.

Relocatable camp complexes provide "instant communities" at remote construction sites for hundreds of project workers. These complexes usually contain completely inter-connected dormitories, comprehensive recreation facilities, kitchens and dining halls. Because the facilities are only required during the construction phase, most contractors or owners prefer to rent rather than buy them. Much of Prebuilt's business is related to oil and gas industry projects such as gas processing plants. During the past two years, due to political and economic uncertainties, conditions in this market have not been buoyant.

At the same time, the range of structures used in the industrial and commercial market has been increasing dramatically. An industry which 10 years ago was confined primarily to producing a few specialized types of military structures, now provides products to virtually every industry and every branch of business activity. With our Quebec plant expansion in 1972, our management team there began to investigate the industrial structures market. Initial efforts were confined to fairly simple structures such as relocatable motel units, site offices, etc. Just prior to fiscal year-end, the Quebec plant successfully won a \$2.5 million contract to provide camp structures for sale to the James Bay Development Corporation. From this base, the division will broaden the range and scope of its activities. Similarly, the Prebuilt division is undertaking steps to broaden its approach to other facets of the market. At the same time, our Eastern and Western operations will be co-ordinated to develop and consolidate a strong National presence in the industrial shelter market over the next five years.

Other Operations

Our plastics facility in Strathroy has continued to be dedicated primarily to the production of component parts for our recreational vehicles and homes products. Both fibreglass and vacuum forming operations are now incorporated into this plant. During the year about 10% of the plant's output was products for outside

sales. It is anticipated that the continuing development of product lines for non-captive markets will generate on-going growth for this operation.

Parts, accessories and service operations are incorporated in both our Prebuilt and Strathroy recreational vehicle divisions. In Western Canada, Prebuilt operates through branches in Lethbridge and Winnipeg, and plans continued expansion to service recreational vehicle dealers and manufacturers throughout the West. The Strathroy operation, though newer, will be developing similar coverage in Eastern markets.

Though the energy crisis has had what will hopefully be a temporary impact on the owning of motorized recreational vehicles, it has not detracted from tourist interest. Our Prebuilt division operates motor home "U-drive" depots in key centres throughout Western Canada. Substantial business is derived from off-shore tourists who fly to Canada for a Western motor home vacation. With today's more rational evaluation of the energy situation, prospects are for a continued satisfactory rate of growth in this activity.

Corporate Division

The program of corporate headquarters development was continued during the year. Particular emphasis has been placed on increasing the strength and effectiveness of the company's policy and control framework for more effective coordination of divisional activities. A continued program to strengthen divisional management teams is also in progress.



J. R. J. Pierre Ypperciel

During the past year the position of executive vice-president was filled. Reflecting the growing inter-relationship of the Quebec and Atlantic regions, a corporate vice-president position was created to assume overall operating responsibility for these two divisions.

After a careful assessment of the performance and potential of the Terrapin Building Systems Division, the company decided to discontinue the operation. The pre-tax loss on the discontinued operation amounted to just over \$124,000.

Our Research and Development group has devoted its primary effort to product standardization. Interior standardization of Glendale's housing products was completed as a first stage, with exterior and structural standardization programs next in line for implementation. The group is now only into its second year and its contributions have already been significant. Programs for both product im-

provement and new product development will be among the ongoing priorities. In view of the company's rapid growth and a heavy reliance on working capital to finance capital expansion, a decision was made to seek an equity injection by way of a public security issue. Unfortunately, the uncertain money market, reflecting economic conditions generally, seemed likely to preclude successful sale of the issue. The public placement route was abandoned and although some preliminary contacts were made with possible private sources, business uncertainties have made it impractical to proceed. In the interim, capital expansion projects have been restricted to those necessary to maintain volume and profit.

Outlook

A period of extremely rapid growth coupled with a very uncertain economy places a much higher priority on consolidating growth and capitalizing on the potential for internal improvement. A policy of controlled growth will emphasize the strengthening of our position within each of the three broad industries of which we are a part — housing, leisure products and relocatable industrial structures.

In the short term, the emphasis will be on achieving more effective operations and product lines. A main objective of this effort will also be to re-establish a satisfactory trend in the profit to sales ratio.

The almost unbelievable escalation in the cost of conventional housing, coupled with the steady and quickening pace of acceptance of our homes as a viable housing alternative, augers well for the future of our industry. Short run competitive pressures in some regions seem likely to ultimately give way to sustained market growth in all areas.

Despite the increasing costs of energy, we retain our faith in the future of the recreational vehicle industry. At the same time we acknowledge that there will be many major changes in that industry and in the kinds of products most acceptable to the consumer of the future. Our planning and development process is also giving weight to the exceptional potential for broadening our corporate interests in the leisure products field, which many forecasters predict will be among the fastest growing in the years ahead.

Although our initial efforts have been in relatively restricted areas of the industrial structures field, we see substantial growth opportunities in the industry. Our initial emphasis will be placed on broadening the scope of our penetration of this market as a basis for increasing our strength and position.

While the current year has seen us pause upon a plateau, we see it as a brief respite before continuing our ascent towards our goal of leadership in the industries of which we are a part.

Shelter and Living

SHELTER

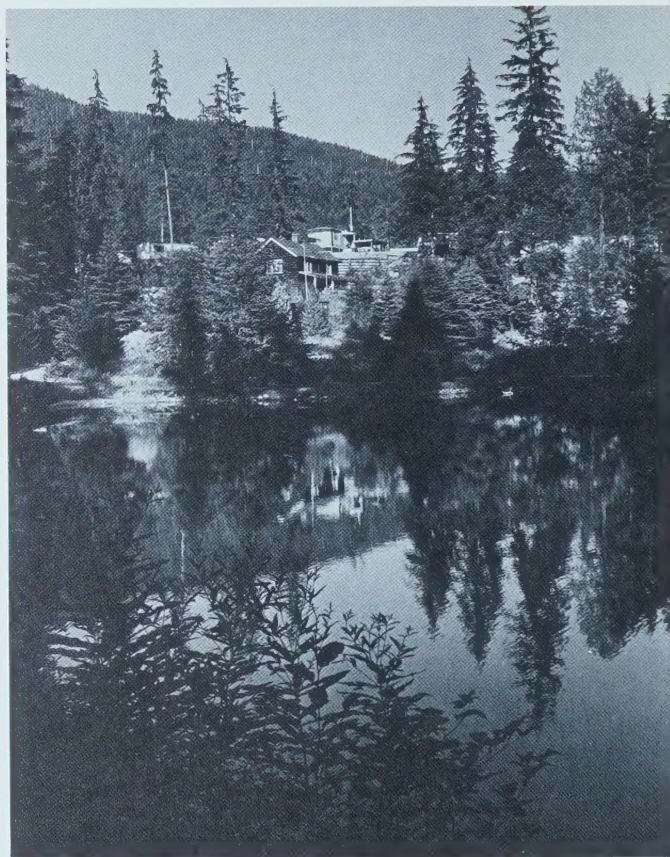
Shelter is as much a part of our history as the people, places and events that march through time. In the beginning, people lived in the open, alone and afraid. We have since lived in caves, in grass huts, in tents of fine silk or rude animal skins. We have lived in small boats on the water or in stilted shacks over it. We have lived in wagons crossing our frontiers. People have inhabited great stone edifices and poor shanties. From the roughness of the cave we have moved to the comfort of the 20th Century.

The gap in housing between the vast castle and the modest workman's hut has narrowed as modern technology rapidly brings quality shelter within the grasp of more individuals today than ever before.

As well-built, economical housing in a clean, pleasant environment becomes more widely available, the ways in which shelter affects peoples' lives and the ways in which they regard it, will continue to change — as their attitudes have already changed from the cave to the modern modular home.

Once the poor herdsman or hunter moved his whole family, all his worldly goods and his shelter — perhaps only a simple tent — across the land to new pastures or where the game was plentiful. Today, more people can live where the work is — taking the best ideas of the home, in the form of relocatable industrial structures, to whatever area they go. The hunt today is a sport, not a way of life, and the recreational hunter will take his shelter — perhaps a travel trailer or a truck camper — with him.

Since the first human moved out of the elements and stopped being afraid of the vast night sky, shelter has been a basic need of mankind. As the race has grown and changed, so has shelter. Today's shelter requirements — though just as basic a need as ever — are as varied as are people. Tomorrow's shelter needs will no doubt be as varied as the possibilities of the future. Industry, as it seeks to satisfy these needs, must be constantly aware not only of shelter's evolution from the past, but of its evolution still to come.



The need for shelter is as old as mankind — and as new as tomorrow. Like the search for the legendary fountain of youth, people continue to seek the "perfect" shelter. Just when that perfection seems within our grasp, the forces of change in our society snatch it from us and place it once again beyond our reach. But because we strive, families today can demand, and industry can provide, attractive, well-built and comfortable housing that would have been impossible, even unthinkable, in any era in the past.





Shelter is such a basic need that the demand for it is unceasing. Today, shelter for one Canadian family must be completed every 1½ minutes of every working day to keep pace with the demand. By 1980, a new shelter will have to be completed every 50 seconds.

A massive industry exists to serve this constant housing need. Apartment builders, housebuilders and land developers all strive to supply the huge, ever-growing market for housing — accommodation — shelter. Glendale Corporation is an important and integral part of this industry. Our products may have been called "mobile homes" or "manufactured housing," but the key words, the words that count, are "homes" and "housing."

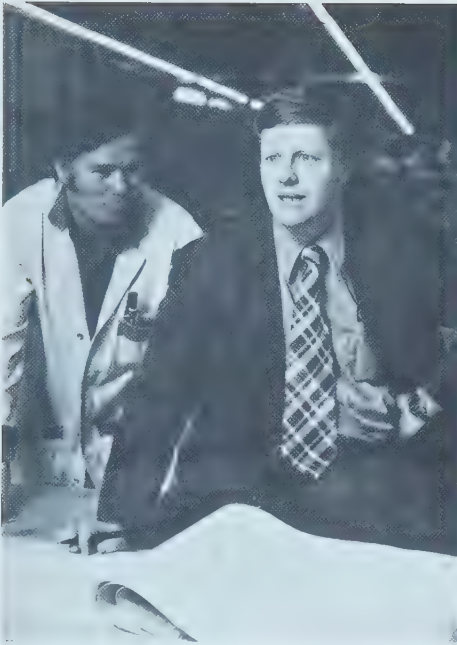
Our part in our nation's housing industry is easy to misunderstand. After all, we manufacturers once considered our "mobile housing" industry to be separate and apart from the rest of the housing industry. If that were ever true, it certainly is not true today. That's one reason we're now Glendale Corporation instead of Glendale Mobile Homes — and why totally new forms of our traditional home products are appearing on company drawing boards.

New influences face us every day. A complex mix of factors is driving up housing

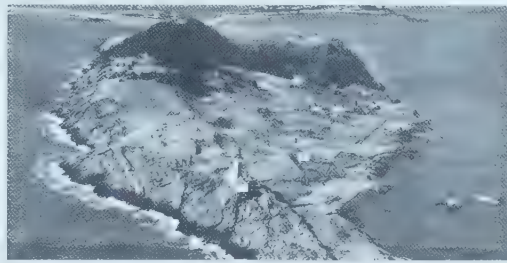
costs at an unprecedented rate. Combine this with an equally complex set of sociological factors constantly in operation and you have the force for a new era in the evolution of peoples' attitudes towards housing and what it means. "Every man's home" may once have been "his castle," and in many instances it certainly was a representation of most of his life savings. Not anymore. Today it is increasingly being viewed simply as a man's shelter — a functional, utilitarian commodity which is only part of living and not a goal of life itself.

New housing concepts are clearly essential, and forms of manufactured housing offer one of the most viable answers to the demand for housing at costs within the reach of the greatest share of home buyers. On an average, the per square foot costs of the Glendale type of manufactured home is 25% less than the comparable conventional home — and the spread is growing.

The efficient manufacturing techniques basic to mobile home economy are currently proving just as basic to the production of new forms of economical housing and housing systems now being pioneered at Glendale. These new forms will not only encompass quality and economy, but it is our intention that they will ultimately rival anything available in flexibility, appearance, size and style.



G. C. Russell, General Manager of the Strathroy Homes Division, reviews a current production run of homes with one of his first line supervisors



With new housing concepts will come new residential concepts. Today, conventional housing subdivisions may take up to five years from conception to the day the first family is housed. New techniques could give rise to almost "instant" residential subdivisions — complete in one year or less from the time of first conception.

In the United States as many as six out of ten single family home buyers purchased mobile homes or some alternate form of our industry's products. The penetration in Canada has been less dramatic. Last year about 1.8 out of every 10 Canadian single, detached housing starts was a home from our industry. To a large degree, our slower growth can be attributed to a slower acceptance of our products by some governmental and regulatory authorities who still associate mobile homes with the crowded unsightly "trailer park" of a bygone era.

The new breed of mobile home residential park is well designed, well serviced and roomy, often provided with high quality integral shopping and recreational facilities. Growing interest is being generated by these kinds of residential complexes in every region in Canada — by developers and potential residents alike and the interest will almost assuredly continue to grow.

One thing is sure, government and public pressures are forcing a continuing re-evaluation of traditional methods of providing shelter in today's changing society. We feel confident that this will bring our forms of shelter increasingly into the spotlight. As the need grows, our planning for new products, new markets and new distribution channels will be designed to fill those needs.

While pursuing these relatively near-term goals, and contributing to the evolution of our segment of the housing industry, the Corporation continues to serve the needs of Canadians with existing housing products from strategic locations across the nation. From a central location in Wetaskiwin, Alberta, Glendale serves the Western provinces as well as the Yukon and portions of the Northwest Territories. Ontario and Quebec are each served by Glendale Corporation. Homes Division plants in these provinces. Our division in Sussex, New Brunswick, meets the shelter needs of Canadians in the Atlantic Provinces.

Despite the Canada-wide scope of the Corporation, Glendale people at every division keep continually attuned to the regional community they serve. They are able, as a result, to uniquely respond to the special shelter needs and demands of those communities, while providing a corporate strength and expertise that is national in character.

Shelter and Work



A fully integrated Prebuilt community for a Northern project.

AT HOME AT WORK

The place: Hundreds — perhaps even many hundreds of miles from the nearest village or town. A construction site. Perhaps a gas plant, maybe a mine. In the north.

The season: Winter. Definitely. Bitter cold. A sharp wind sweeps off the arctic ice. The time: Today. At shift end, a short walk against the cutting blast of frozen air. Then a door. Inside, it's suddenly warm.

This is home in the frozen north. This door and a brightly lit, cheerful corridor conducts workers from the icy cold to the warmth of an integrated community, perhaps housing as many as 1800 men.

Doors along the corridor lead to individual rooms, often with two men sharing. Not the drafty, impersonal bull-pens of a bygone era. This is the dorm, part of a modern industrial shelter. The quarters are neat and comfortable with ready access to hot

showers. A pleasant prospect after a long cold day walking steel or stripping concrete forms.

Shower, change and maybe time for a coffee and a quick hand of crib in the rec hall before dinner — then, "soup's on." It's hardly that. Food at a remote camp is almost always second to none. The variety is staggering, the quantity copious. The diners are clean, bright and well-equipped. The menu basic but comprehensive. Second's anyone?

After dinner, a movie. A game of billiards. Bowling. T.V. Or, perhaps just to the library for a good book. These recreations and more may be available in even the remotest camps.

It's as close to home as possible hundreds of miles from the real thing.

Even as recently as the early and mid-1900's people mostly lived close to their work. This usually entailed only a short walk or a brief drive from home. As we approach the last quarter of the 20th century, this is frequently no longer the case. Men and women quite often work at one place and live at a more distant place. Between the two locations, distances of thirty or more miles are not uncommon, and some suburban dwellers may commute even farther from their homes to jobs in the cities. Modern transportation has made travelling to work simple and reasonably comfortable, and, those who do it, take the distance from home to work in stride.

Some work locations, notably developments and industrial projects in the far Northern regions of Canada, are not so close to home. Working on the edge of a frozen waste or a barren tundra, the very idea of "home" seems remote. Increasingly, however, more and more jobs are going to be performed in these remote areas. There is growing evidence to suggest that a much greater share of Canada's undeveloped natural resources than might have once been estimated lie in those inhospitable climes to the North. Current projects in those regions have likely only uncovered a small fraction of the north's hidden wealth.

Accustomed, as they are, to modern conveniences and comfort, today's workers demand the same quality in their shelter at industrial sites as they do in shelter for their families. It has been estimated that 7 to 10% of the cost of any project in a remote region will be given over to the accommodation of workers on the site. One of the largest and best known projects of this type is the James Bay Hydro Development in Quebec. At its completion, the total project may cost as much as \$10 billion. By our rule of thumb, as much as 1 billion of that could be spent on industrial housing.

James Bay is only one project. Another well-known project is the Trans Alaska Pipeline being developed by the Alyeska Pipeline Service Company. This project may cost \$6 billion or more, upon completion. There are others now and there will be many more in the future as Canada continues to develop its untapped natural resources. Of course, multi-billion dollar projects don't happen every day. The more recent major projects were prefaced by a period of reduced activity. A systematic and relatively broad approach to the market is essential to avoid the cyclical nature of the market's more volatile facets.

Glendale Corporation made a significant entry into

the industrial shelter market with the acquisition of Prebuilt Industries, a major supplier of industrial housing in Western Canada. The subsidiary recently signed a multi-million dollar contract with Alyeska for kitchens, dining halls and recreational buildings. Interest in the industrial market has also been transplanted in other Corporate locations. In fact, Glendale (Quebec) obtained a \$2,500,000 contract to provide 255 units of industrial shelter for the massive James Bay project, including offices, kitchens and dining halls, a recreational centre, dormitories and even family residences on the site.

Glendale Corporation is, then, actively involved in two of the most significant industrial developments in Canada today. Though the company cannot claim dominance in the growing industrial shelter business, we are the second largest in the field in North America. We are deeply involved now, and, as the demand increases, we will almost assuredly become more involved.

It is a natural area of development for our company. Industrial shelter, like shelter for homes and shelter for leisure, is closest and most basic to people. Shelter and people are what Glendale Corporation is all about.

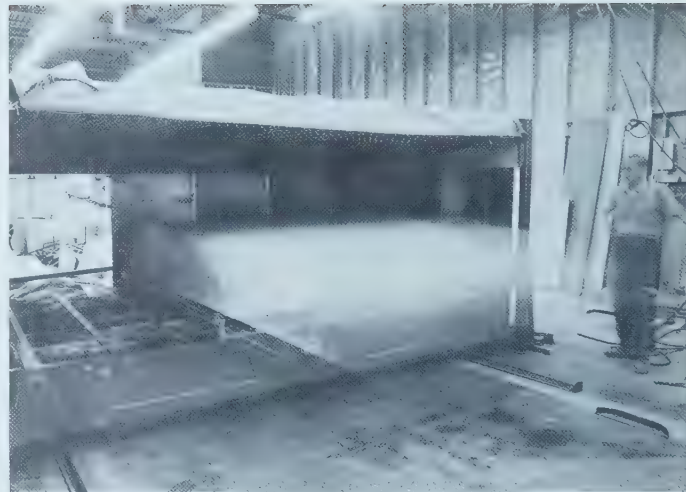
Shelter and Leisure

Mankind's need for recreation in one form or another is, perhaps, as old as the world. Today, with more and more leisure time available to all individuals, it is almost as basic as shelter. Rest and relaxation — "getting away from it all" — have become in the 1970's not an opportunity to pursue, but a necessity of life. As prosperity of people increases and the amount of their available leisure time grows, recreational activities will continue to have a dramatic impact on our economy and our life-styles in Canada.

AUSTRALIA



Glendale Caravans in Australia serves a far-flung dealer body. In linear distance, it's 1,400 miles from the northernmost to the southernmost dealer.



Already trends are becoming evident. Throughout the 20th century there has been a growing tendency for people to live in or very near large urban centres, in multi-family apartment buildings or housing sub-divisions reasonably close to their work. Though the cities do provide many recreational opportunities, wilderness areas, parks and other major resorts and recreational attractions remain somewhat remote from urban centres. There is, therefore, a corresponding tendency for people to spend their leisure time away from where they live and work. One way of getting to these recreational areas — and a pleasantly viable and economical way, since it provides convenient and comfortable shelter on arrival — is the recreational vehicle in one of its many forms. In the past decade the growth in the number of leisure vehicle users has increased phenomenally. In 1964, out of five million households in Canada, only a little over 15,000 owned R.V.'s. By the end of 1974 there will be an estimated 417,000 recreational vehicles in active service.

In the field of supplying recreational vehicles, Glendale Corporation is virtually the unquestioned leader in Eastern Canada. It would be rare to take a drive of any distance in the spring and summer and not see numerous Golden Falcon, Flyte, Glendette and Glenelle travel trailers on Ontario, Quebec and Atlantic highways. In the West, Glendale vies for leadership in the field through Prebuilt Industries and the widely accepted Prebuilt Scamper and Skipper holiday trailers. Off the continent, in Caboolture, Australia, in the state of Queensland, Glendale Corporation operates a recreational vehicle manufacturing plant which serves a rapidly developing market.

Glendale Corporation's Plastics Division in Strathroy acts as an internal supplier of important re-enforced plastics components for recreational vehicle production.



D. G. O'Brien, General Manager of Glendale's Prebuilt subsidiary, visits one of the Corporation's newest major dealerships in Calgary. Representing the latest in convenience for the recreational vehicle shopper, the facility features spacious indoor showrooms, winter storage space and an extensive service area.

The division also produces and sells several types of watercraft. Glendale's leadership in the supply of recreational vehicles is specific, but our interests in the whole field of leisure is broad.

The increase in the use of recreational vehicles from 1964 to the present represents not only growth, but evolution. Travel trailers are generally larger now, and quality, comfort and style have become even more significant factors in their design and production. There is a continuing evolution, too, in the use of the recreational vehicle. Increasing energy costs may give rise to traveling shorter distances to a holiday destination, but for a longer stay. This type of recreational vehicle use would approximate that of the lake cottage or the summer house. As the variety of evolving uses grows, so will the need for a wider variety of vehicles. Besides the travel trailer, Glendale produces truck campers and motor homes. Last year the company also developed the Esprit, a hard-top camper.

1974 does not mark the end of the evolutionary development of recreational vehicles products and their use. The company is aware of dramatic factors that could change products and their use even more in the future. Fuel costs continue to rise, with a corresponding surge in the sale of small cars. More and younger families are becoming prospective recreational vehicle users with different needs and different life styles. However, two factors are not changing; the growth in the amount of leisure time and the basic need — almost a necessity — for human recreation.

As long as this need continues, Glendale will continue to play a vital role in the provision of shelter for leisure purposes. Our planning, both short and long range, will continue to take all these factors into consideration, assuring that Glendale Corporation's evolution in this area corresponds to the evolution of shelter and leisure.

Glendale's National R.V. Club



An important adjunct to Glendale's involvement in the area of leisure vehicles is our recreational vehicle clubs — The National Golden Falcon Club and the National Glendette Club. These clubs have an enthusiastic and growing membership of avid trailerists — and owners of Glendale products.

Our contacts with club members keep us in much more personal touch with Glendale customers than is possible through the normal customer-manufacturer relationship. These kind of contacts help us to form opinions about the features our customers prefer and the steps we can take to make our products better and more acceptable. Club contacts also help us to keep pace with thoughts and trends relating to the probable future shape of the market for recreational vehicles.

In the past year the company implemented the first stages of a development program for the recreational vehicle clubs by naming a National Director to head them. Further, to make membership in the Clubs even more attractive, additional development work commenced at Rendezvous Park, the company's recreational vehicle park near Port Franks in Ontario. Glendale also operates Cedar Lake Recreational Vehicle Park near Sussex, N.B.

Our corporation is one of the few manufacturers of recreational vehicles in Canada to operate parks for the owners of its products. During the spring, summer and early fall, members of the National Clubs have the use of these parks free or at reduced rates.

Both Rendezvous and Cedar Lake are also operated commercially. Other similar developments will be considered as they become feasible. In the meantime, both the parks and the clubs contribute to the growth of recreational vehicle use and confirm Glendale's commitment to shelter for the leisure field.

Shelter and...



So far in this report it has been our aim to indicate the extent of Glendale Corporation's involvement in the fields of housing shelter, industrial shelter and leisure shelter. We trust we have conveyed our firm conviction that shelter and peoples' attitudes about it are undergoing an evolutionary process brought on by sociological change and technological growth. It is clear that the shelter of today is not the shelter of the past. Nor will today's shelter necessarily be the shelter of the future. As a part of the growing and changing shelter busi-

ness, Glendale is deeply concerned about its own evolution. It is clear to us that we are not the same company today as we have been in the past, nor — if we are to have a place in tomorrow's world — can the Glendale of today move unchanged into the future. However, to quote a cliché: We must not change merely for "the sake of change." We must not be buffeted about by the forces that shape the future. Instead, we must be aware of those forces, we must harness them where we can and we must shape our own course as we move ahead.

If you will, this is already the operational philosophy of the company. Already we have identified our present and future part in our various fields of endeavour. We know that new housing concepts are necessary and we have moved to implement them. We expect Canada to continue to develop its natural resources to the north and, in the field of shelter, we expect to be a part of that development. We have recognized the growth of leisure time and the necessity for recreation and we are working to insure that we play a part in the recreational life-style of people in the future. We ack-

...the Future



knowledge that the people who buy our products are well-informed, and they will fulfill their needs for shelter in its various forms only if they are confident about the quality of their chosen shelter and about the company who produces it. Glendale has always been fortunate in having the confidence of our consumers and we will foster the continued growth of confidence in our products and our company by diligent responsiveness to the people who make up our various markets.

A company doesn't "shape its own course" by accident. After analysis of the factors that affect change,

we must then plan for growth. We must take full advantage of the expertise within our company or acquire the expertise essential to our development. An important contribution to Glendale's future directions is Research and Development. This arm of the company, staffed by trained designers, engineers, drafting personnel and quality craftsmen, will become more and more responsible for translating management action, and marketing and production input, into ideas and products that will assure the future of the Corporation. It is this Research and Development group who are developing and will con-

tinue to develop new housing products and housing systems. To meet the demands of change they are developing new leisure shelter concepts such as light weight travel vehicles for the small car. As well, our designers and engineers are investigating new products and new processes that will maximize our past experience and our future capabilities.

In short, our people, at every level of the company, are keeping a steady grip on today and building for tomorrow. From this kind of combined Corporate effort, we will, hopefully, come to a better future — for ourselves and our fellowmen.



Company Locations

Corporate Division and Head Office
P.O. Box 249
Strathroy, Ontario

HOMES DIVISION

P.O. Box 608
Fredericton, New Brunswick
J. R. Park, General Manager

P.O. Box 397
St. Joseph de Beauce, Quebec
M. Asselin, General Manager

P.O. Box 40
Strathroy, Ontario
D. C. Russell, General Manager

P.O. Box 1897
Edmonton, Alberta
J. A. Brososky, General Manager

RECREATIONAL VEHICLES DIVISION

145 Queen Street
Strathroy, Ontario
J. Van Berkel, General Manager

Prebuilt Division
P.O. Box 249
Lethbridge, Alberta
D. G. O'Brien, General Manager

Australian Division
P.O. Box 180
Brisbane, Queensland, Australia
J. Marsellos, General Manager

INDUSTRIAL DIVISION

P.O. Box 397
St. Joseph de Beauce, Quebec
M. Asselin, General Manager

Prebuilt Division
Sales and Operations:
6804 MacLeod Trail
Calgary, Alberta
D. G. O'Brien, General Manager
Manufacturing:
P.O. Box 249
Lethbridge, Alberta
D. G. O'Brien, General Manager

Prebuilt Recreational Vehicle Rentals
6804 MacLeod Trail
Calgary, Alberta
D. G. O'Brien, General Manager

Glendale Plastics
P.O. Box 158
Strathroy, Ontario
J. A. Pawson, General Manager

Prebco Parts and Accessories
P.O. Box 249
Lethbridge, Alberta
G. R. Harrington, General Manager

Glendale Parts and Service
145 Queen Street
Strathroy, Ontario
J. Van Berkel, General Manager

Five Year Financial Highlights

FOR THE YEAR ENDING JANUARY 31:	1974	1973	1972	1971	1970
Net Sales (\$000)	\$62,522.5	\$38,866.7	\$24,046.7	\$20,219.4	\$16,531.5
Net Operating Earnings (\$000)	\$ 1,026.5	\$ 1,205.1	\$ 613.4	\$ 434.0	\$ 570.3
Net Operating Earnings Per Share	\$.82	\$ 1.09	\$.57	\$.40	\$.57
Shareholder's Equity (\$000)	\$ 8,664.4	\$ 7,753.5	\$ 5,221.5	\$ 4,661.8	\$ 4,227.8
Book Value Per Share	\$ 6.95	\$ 6.22	\$ 4.86	\$ 4.34	\$ 3.93
Dividend per Share	\$.10	\$.10	\$.05	—	—
Depreciation (\$000)	\$ 1,013.9	\$ 319.8	\$ 221.7	\$ 182.6	\$ 142.9
Shares Outstanding	1,247,400	1,245,600	1,075,000	1,075,000	1,075,000

GLENDALD CORPORATION
(Incorporated under the laws of Ontario)
and its subsidiaries

CONSOLIDATED BALANCE SHEET

JANUARY 31, 1974
(with comparative figures for 1973)

ASSETS		1974	1973
		(thousands of dollars)	
Current:			
Accounts receivable		\$ 5,627	\$ 4,986
Inventories (note 3)		15,458	11,231
Prepaid expenses		<u>725</u>	<u>376</u>
		<u>21,810</u>	<u>16,593</u>
Mortgages receivable and other assets - at cost		<u>223</u>	<u>190</u>
Fixed - at cost:			
Buildings and equipment		6,071	5,718
Industrial rental units		<u>4,256</u>	<u>4,427</u>
		10,327	10,145
Less accumulated depreciation		<u>1,760</u>	<u>1,025</u>
		8,567	9,120
Land		<u>1,155</u>	<u>1,132</u>
		<u>9,722</u>	<u>10,252</u>
Goodwill - at cost		<u>1,669</u>	<u>1,669</u>
On behalf of the Board			
Director: R. L. THORN			
Director: D. M. POLLOCK			
		<u>\$33,424</u>	<u>\$28,704</u>
(See accompanying notes)			

LIABILITIES

	1974	1973
	(thousands of dollars)	
Current:		
Bank indebtedness (note 4)	\$10,030	\$ 5,654
Accounts payable and accrued charges	7,695	8,345
Taxes payable	77	484
Long-term debt repayments due within one year	<u>867</u>	<u>1,153</u>
	<u>18,669</u>	<u>15,636</u>
Deferred income taxes	<u>1,582</u>	<u>1,528</u>
Long-term debt (note 5)	<u>4,508</u>	<u>3,786</u>
Shareholders' equity:		
Capital (note 6) —		
Authorized:		
400,000 cumulative redeemable convertible		
preference shares with a par		
value of \$25 each		
4,000,000 common shares without par value		
Issued:		
1,247,400 common shares (1,245,600 in 1973)	3,996	3,987
Retained earnings	<u>4,669</u>	<u>3,767</u>
	<u>8,665</u>	<u>7,754</u>
	<u>\$33,424</u>	<u>\$28,704</u>

GLENDALE CORPORATION
and its subsidiaries
CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED JANUARY 31, 1974
(with comparative figures for 1973)

	1974	1973
	(thousands of dollars)	
Balance, beginning of year	\$3,767	\$3,108
Net earnings	<u>1,026</u>	<u>775</u>
	4,793	3,883
Dividends (10c per share)	<u>124</u>	<u>116</u>
Balance, end of year	<u><u>\$4,669</u></u>	<u><u>\$3,767</u></u>
(See accompanying notes)		

GLENDALE CORPORATION
and its subsidiaries
CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED JANUARY 31, 1974
(with comparative figures for 1973)

	1974	1973
	(thousands of dollars)	
Net sales	\$62,522	\$38,867
Manufacturing, selling and administrative expenses	58,841	35,815
Depreciation	1,014	320
Interest — long-term debt	477	87
— other	<u>622</u>	<u>213</u>
	60,954	36,435
Earnings before taxes and extraordinary losses	<u>1,568</u>	<u>2,432</u>
Income taxes:		
Current	488	1,131
Deferred	<u>54</u>	<u>96</u>
	542	1,227
Earnings before extraordinary losses	1,026	1,205
Extraordinary losses (note 8)	<u>430</u>	<u>430</u>
Net earnings	<u><u>\$ 1,026</u></u>	<u><u>\$ 775</u></u>
Earnings per share (note 7):		
Earnings before extraordinary losses	\$.82	\$ 1.09
Extraordinary losses	<u>(.39)</u>	<u>(.39)</u>
Net earnings	<u><u>\$.82</u></u>	<u><u>\$.70</u></u>

(See accompanying notes)

GLENDALE CORPORATION
and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JANUARY 31, 1974
(with comparative figures for 1973)

	1974 (thousands of dollars)	1973
Source of working capital:		
Operations	\$2,094	\$ 1,700
Increase in long-term debt — corporation	1,500	2,065
— subsidiaries		1,460
Issue of shares — cash	9	3
— acquisition of subsidiary		1,870
Deferred income taxes of acquired subsidiary		1,170
Decrease (increase) in other assets	(33)	29
	<u>3,570</u>	<u>8,297</u>
Application of working capital:		
Purchase of fixed assets (net) —		
By corporation	484	1,667
Acquisition of subsidiary		5,325
Goodwill on acquisition of subsidiary		1,669
Repayment of long-term debt	778	510
Dividends	124	116
Extraordinary losses		430
	<u>1,386</u>	<u>9,717</u>
Increase (decrease) in working capital	2,184	(1,420)
Working capital, beginning of year	957	2,377
Working capital, end of year	<u>\$ 3,141</u>	<u>\$ 957</u>
Represented by:		
Current assets	\$21,810	\$16,593
Less current liabilities	18,669	15,636
	<u>\$ 3,141</u>	<u>\$ 957</u>

(See accompanying notes)

GLENDALE CORPORATION
and its subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 1974

1. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the corporation and all subsidiaries. All material intercompany accounts and transactions have been eliminated. The accounts of subsidiaries are included in the consolidated statements of earnings and retained earnings only to the extent of the income earned since the date of acquisition of control.

The fiscal year end of the subsidiaries is January 31 with the exception of Prebuilt Industries Ltd. and Anmore Recreation Ltd. which is November 30. The consolidated balance sheet as at January 31, 1973 and January 31, 1974 include the assets and liabilities of these subsidiaries at November 30, 1972 and November 30, 1973 respectively. Since "Prebuilt" was acquired close to the end of the 1973 fiscal year, no portion of its results of operations for the year ended November 30, 1972 were included in the consolidated statements of earnings, retained earnings and changes in financial position for the year ended January 31, 1973. The consolidated statements of earnings, retained earnings and changes in financial position for the year ended January 31, 1974 reflect the results of operations of this subsidiary for the year ended November 30, 1973. The results of "Anmore" for the years ended November 30, 1972 and 1973 have been included in the consolidated statements for the year ended January 31, 1973 and 1974 respectively.

The corporation intends to carry the goodwill arising on the acquisition of Prebuilt Industries Ltd. at cost unless such a value is impaired.

(b) Translation of accounts into Canadian Dollars

The accounts of foreign subsidiaries included in the financial statements have been translated into Canadian dollars on the following bases:

- Current assets and liabilities — at year-end exchange rates
- Other assets and liabilities — at historical rates of exchange
- Earnings — at average exchange rates for the year

Translation gains or losses are included in the consolidated statement of earnings and are not significant.

(c) Inventories

Finished products and work-in-process have been valued at the lower of cost and net realizable value. Raw materials and supplies have been valued at the lower of cost and replacement cost. Cost is determined substantially on a first in, first out basis.

(d) Fixed assets and depreciation

The corporation and all except one of its subsidiaries provide depreciation on substantially all their fixed assets using the straight line method at rates set out below, designed to amortize cost over the expected useful life of the respective assets.

Parking areas	2 1/2 %
Fences	5 %
Buildings	2 1/2 % - 5 %
Industrial rental units	10 %
Machinery and equipment	10 %
Automotive equipment	30 %

Certain buildings, machinery and equipment of a subsidiary are depreciated using the declining balance method which has resulted in charges similar to those which would have been recorded had the straight line method been used.

The net amount of area development incentive grants and forgivable loans received in connection with the expansion of plant facilities have been applied to reduce the carrying value of the respective fixed assets in the books of the corporation.

2. Change of corporate name

Articles of Amendment became effective on June 14, 1973 changing the name of the corporation from Glendale Mobile Homes Limited to Glendale Corporation.

3. Inventories

	1974	1973
	(thousands of dollars)	
Finished products	\$ 6,138	\$ 4,914
Work-in-process	526	719
Raw materials and supplies	<u>8,794</u>	<u>5,598</u>
	<u>\$15,458</u>	<u>\$11,231</u>

4. Bank indebtedness

Current bank loans of \$5,836,000 and a term loan of \$3,749,000 to the parent, Glendale Corporation, at January 31, 1974 are secured by demand debentures in the amount of \$7,000,000 with a first charge on all land and premises together with all buildings thereon, and a first floating charge on all its undertaking, and other properties and assets and a specific pledge of the shares of Prebuilt Industries Ltd.

Current bank loans of \$4,194,000 and a term loan of \$17,000 to subsidiaries at January 31, 1974 are secured by the assignment of accounts receivable, inventories and rents accruing on certain lease contracts and by chattel mortgages on certain industrial rental units.

5. Long-term debt

	1974	1973
	(thousands of dollars)	
Glendale Corporation		
Term bank loan at a rate of interest the higher of 1½% above the bank's prime rate or 9% repayable monthly to January 30, 1981 (note 4).....	\$3,749	\$2,636
9% first mortgage due 1975.....	16	31
	<u>3,765</u>	<u>2,667</u>
Subsidiaries		
6¾% term bank loan maturing in 1974 (note 4).....	17	398
12½% first mortgage bonds secured by a first mortgage on all fixed assets, and a floating charge on all other assets.....	1,100	1,300
Agreements for sale, mortgages and other long-term debt.....	493	574
	<u>1,610</u>	<u>2,272</u>
	5,375	4,939
Less portion due within one year included in current liabilities.....	867	1,153
	<u>\$4,508</u>	<u>\$3,786</u>

6. Share capital

During the year, following shareholder approval, the Corporation received a Certificate of Amendment of Articles creating 400,000 cumulative redeemable preference shares, with a par value of \$25 each issuable in series. None were issued during the year.

The corporation issued for cash 1,800 common shares, under share purchase agreements, at \$5 per share.

As at January 31, 1974, 330,100 shares were reserved for issue, as follows:

20,000 common shares under common share purchase warrants expiring May 15, 1974. These shares are issuable at \$10 per share.

25,500 common shares for such share purchase or option plans as the directors may from time to time determine with respect to the employees of the corporation and its subsidiaries. The price at which such shares will be issued shall be not less than 90% of the fair market value at the date on which such shares are issued, if issued under a stock purchase plan, or at the date on which the option to purchase is granted, if issued under a stock option plan.

7,600 common shares under share purchase options given September 21, 1971 at \$5 per share, expiring September 20, 1976.

14,500 common shares under share purchase options given September 12, 1973 at \$8.78 per share, expiring September 11, 1978.

262,500 common shares which could be issued to the former owners of Prebuilt Industries Ltd., under the terms of acquisition. The number of such shares which will have to be issued is contingent for the most part upon the earnings of "Prebuilt" in the twenty-four month period ending on November 30, 1974 and to a lesser degree on the earnings of Glendale Corporation for the twenty-four month period ending on January 31, 1975.

330,100

7. Earnings per share

Earnings per share have been calculated using the weighted monthly average of shares outstanding during the period. Exercise of the outstanding share purchase warrants or the issuance of any additional shares in connection with the acquisition of Prebuilt Industries Ltd. (note 6) would have no material dilutive effect on earnings per share.

8. Extraordinary losses

During the year ended January 31, 1973 the corporation's plant at St. Joseph de Beauce, Quebec was destroyed by fire. The corporation incurred a net loss amounting to \$526,000 as a result of this fire. Accordingly, this amount, net of applicable income tax credits of \$226,000 has been treated as an extraordinary loss.

As at January 31, 1973 the corporation further provided \$130,000 as a provision for costs and losses on the disposal of certain investments. This amount has also been treated as an extraordinary loss.

9. The Companies Act (British Columbia)

The Companies Act (British Columbia) requires the consolidated financial statements of every company to include a statement of profit and loss which distinguishes the selling, general and administrative expenses for the period and list all subsidiary companies. In this respect the consolidated financial statements contained herein do not comply with that Act. However Section 334(b) of the Act specifically permits an extra-provincial company to issue, circulate or publish within that province a financial statement which does not comply with such provisions provided, however, any such financial statement must state that it does not so comply.

10. Directors' and senior officers' remuneration

Direct remuneration paid or payable to directors and senior officers by the company and its subsidiaries for the year ended January 31, 1974 amounted to \$360,000 (\$326,000 in 1973).

Auditors' Report

To the Shareholders of
Glendale Corporation.

We have examined the consolidated balance sheets of Glendale Corporation as at January 31, 1974 and January 31, 1973 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. Our examination of the financial statements of Glendale Corporation and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of a major subsidiary of which they are the auditors, the assets of which represent 25% (34% in 1973) of consolidated assets.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at January 31, 1974 and 1973 and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

London, Canada,
April 22, 1974.

CLARKSON, GORDON & CO.
Chartered Accountants.

Directors and Officers

Directors

Reginald L. Thorn
Walter P. Callaghan
C. Norman Chapman
John D. Harrison, M.B.E., Q.C.

Donald M. Pollock
David B. Weldon
Chester O. Merriman
Hubert S. Prowse, Q.C.

Chairman of the Board
President
President, Emco Limited
Partner, Harrison, Elwood, Gregory,
Littlejohn, Fleming & Adams
President, Pollock Rentals Ltd.
Chairman, Midland-Osler Securities Ltd.
President, Prebuilt Industries Ltd.
Partner, Fenerty, McGillivray, Robertson,
Brennan, Prowse, Fraser, Bell and Hatch

Officers

Reginald L. Thorn
Walter P. Callaghan
James A. Sapara
J. R. J. Pierre Ypperciel

John D. Harrison, M.B.E., Q.C.
David W. Murray, C.A.

Chairman of the Board
President
Executive Vice-President
Vice-President, Quebec and Atlantic
Regions
Secretary
Treasurer

Registrar & Transfer Agent

Canada Trust
Toronto, Ontario

Auditors

Clarkson, Gordon & Co.
London, Ontario

Subsidiaries

Glendale (Atlantic) Limited
Glendale (Québec) Limitée
Prebuilt Industries Ltd.
Glendale Caravans Pty. Ltd., Australia
Glendale Accessories Pty. Ltd., Australia
Glendale Caravans (N.S.W.) Pty. Ltd., Australia
Anmore Recreations Ltd.

Legal Counsel

Harrison, Elwood, Gregory, Littlejohn,
Fleming & Adams

Annual Meeting

The Annual Meeting of the Shareholders will be held in Strathroy, Ontario, on
Wednesday, June 19, 1974 at 11:00 a.m. at the Strathroy Golf and Country Club.

